

**BLAINE COUNTY
HUNGER COALITION**

AUDITED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
JUNE 30, 2017 AND 2016**

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Independent Auditor's Report

To the Board of Directors
Blaine County Hunger Coalition
Bellevue, ID 83313

We have audited the accompanying financial statements of Blaine County Hunger Coalition (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017 and 2016, and the related statements of activities & change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Blaine County Hunger Coalition as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Arritt Robins Waters CPAs PLLC
Arritt Robins Waters CPAs PLLC

September 27, 2017

BLAINE COUNTY HUNGER COALITION, INC

STATEMENT OF FINANCIAL POSITION JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Current Assets		
Cash & Cash Equivalents	1,510,722	1,010,856
Investments	1,253,762	1,092,927
Inventory	29,286	11,939
Total Current Assets	<u>2,793,770</u>	<u>2,115,722</u>
Property and Equipment		
Land	94,176	94,176
Buildings & Improvements	506,821	410,491
Equipment	313,831	292,886
Less Accumulated Depreciation	<u>(228,431)</u>	<u>(168,486)</u>
Net Property and Equipment	686,397	629,067
Other Assets		
Investments	<u>494,140</u>	<u>424,969</u>
Total Assets	<u><u>3,974,307</u></u>	<u><u>3,169,758</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts Payable	16,153	37,608
Accrued Payroll Liabilities	54,619	34,582
Total Current Liabilities	<u>70,772</u>	<u>72,189</u>
Total Liabilities	70,772	72,189
Net Assets		
Without donor restrictions		
Available for program and supporting activities	2,824,383	2,135,150
Net investment in fixed assets	<u>686,397</u>	<u>629,067</u>
Total Unrestricted	3,510,780	2,764,217
With donor restrictions	<u>392,754</u>	<u>333,352</u>
Total Net Assets	<u>3,903,535</u>	<u>3,097,569</u>
Total Liabilities and Net Assets	<u><u>3,974,307</u></u>	<u><u>3,169,758</u></u>

See accompanying notes to the financial statements.

BLAINE COUNTY HUNGER COALITION, INC

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017			2016		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues						
Monetary Support	1,271,957	408,732	1,680,689	912,951	419,187	1,332,138
Contributed Goods and Services	113,826		113,826	140,134		140,134
Investment Income	126,482		126,482	(38,322)		(38,322)
Other Revenue	4,027		4,027	-		-
Total Revenues	1,516,292	408,732	1,925,024	1,014,763	419,187	1,433,950
Net Asset Restriction Transfers						
Use for restricted purpose	349,330	(349,330)	-	183,509	(183,509)	-
Expenses						
Program Services	984,352	-	984,352	850,454	-	850,454
Supporting Services						
Fund Raising	74,481		74,481	57,917		57,917
General & Administrative	60,226		60,226	61,810		61,810
Total Supporting Services	134,707	-	134,707	119,727	-	119,727
Total Expenses	1,119,059	-	1,119,059	970,181	-	970,181
Total Change in Net Assets	746,563	59,402	805,966	228,091	235,678	463,769
Beginning Net Assets	2,764,217	333,352	3,097,569	2,536,126	97,674	2,633,800
Ending Net Assets	3,510,780	392,754	3,903,535	2,764,217	333,352	3,097,569

See accompanying notes to the financial statements.

BLAINE COUNTY HUNGER COALITION, INC

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

2017				
	Program Services	Supporting Services		Total
		Fund	General &	
		Raising	Administrative	
Wages and Benefits	564,346	59,874	43,144	667,364
Purchased Food	175,408	-	-	175,408
Donated Food	110,735	-	-	110,735
Supplies	16,093	-	-	16,093
Depreciation Expense	52,752	3,597	3,597	59,945
Advertising & Promotion	18,412	4,578	939	23,929
Professional Services	4,001	128	7,153	11,282
Insurance	9,184	784	2,906	12,874
Event Expense	1,724	2,352	-	4,076
Occupancy	18,922	2,029	1,749	22,699
Office Expense	1,494	30	226	1,750
Training	1,359	155	-	1,513
Travel/Auto Expense	7,840	197	19	8,056
Miscellaneous Expense	2,082	758	493	3,333
Total	984,352	74,481	60,226	1,119,059

2016				
	Program Services	Supporting Services		Total
		Fund	General &	
		Raising	Administrative	
Wages and Benefits	429,196	40,991	50,338	520,526
Purchased Food	170,351	-	-	170,351
Donated Food	140,134	-	-	140,134
Supplies	20,055	-	-	20,055
Depreciation Expense	30,705	3,612	1,806	36,124
Advertising & Promotion	17,014	7,188	521	24,723
Professional Services	5,138	-	5,943	11,081
Insurance	7,373	899	719	8,992
Event Expense	7,960	2,659	-	10,620
Occupancy	15,239	2,159	1,985	19,382
Office Expense	1,797	141	92	2,030
Training	628	69	-	697
Travel/Auto Expense	3,003	-	-	3,003
Miscellaneous Expense	1,860	198	405	2,463
Total	850,454	57,917	61,810	970,181

See accompanying notes to the financial statements.

BLAINE COUNTY HUNGER COALITION, INC

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities		
Change in Net Assets	805,966	463,769
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	59,945	36,124
(Gain)Loss on disposal of fixed assets	-	-
(Increase) Decrease in inventory	(17,347)	(9,587)
Increase (Decrease) in accounts payable	(21,455)	31,607
Increase (Decrease) in payroll liabilities	20,037	(3,157)
Cash Flows Provided (Used) By Operating Activities	<u>847,147</u>	<u>518,757</u>
Cash Flows From Investing Activities		
(Increase) Decrease in Investments	(230,006)	40,687
Acquisition of fixed assets	<u>(117,275)</u>	<u>(170,162)</u>
Cash Flows Provided (Used) By Investing Activities	<u>(347,280)</u>	<u>(129,476)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	499,866	389,281
Cash and Cash Equivalents at Beginning of Period	<u>1,010,856</u>	<u>621,575</u>
Cash and Cash Equivalents at Ending of Period	<u><u>1,510,722</u></u>	<u><u>1,010,856</u></u>
Supplemental disclosure		
Interest paid in cash	\$ -	\$ -

See accompanying notes to the financial statements.

BLAINE COUNTY HUNGER COALITION

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity – Blaine County Hunger Coalition, located in Bellevue, Idaho, is a non-profit organization that provides food to those in need in the Blaine County area. The Organization also promotes solutions to the underlying causes of hunger through training, education and other services.

The Organization is governed by its board of directors, as dictated by its bylaws.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents – The Organization considers all highly liquid cash and investments with a maturity of three months or less to be cash and cash equivalents.

Recognition of Donor Restrictions – The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are shown on the financial statements as unrestricted contributions.

The Organization reports any gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Donated Services and Supplies – The Organization's policy is that, when food or specialized skills are donated (that the Organization would otherwise have to purchase), these items are recorded as in-kind donations at their fair market value. A number of volunteers have contributed their time to the activities of the Organization without compensation which has not been recorded on the financial statements.

Inventory – Consists of donated and purchased food in the Organization's warehouse at fiscal yearend. Inventory is recorded at estimated cost.

Property and Equipment and Depreciation – Fixed assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of donated assets. Items under the Organization's capitalization threshold are expensed in the period of purchase or donation. Capitalized items are depreciated on a straight-line basis over their estimated useful lives.

Income Taxes

The Organization is a non-profit organization which is not a private foundation. Blaine County Hunger Coalition has obtained exemption from federal and state income taxes under I.R.C. Section 501 (c)(3) and related Idaho State code provisions. Accordingly, no provision for income taxes has been made in the financial statements.

FASB ASC 740-10 requires disclosure of uncertain tax positions and their corresponding estimated values. As of period end, the Company had no reportable uncertain positions. Open tax years are fiscal years ended June 30, 2014, 2015, 2016, and 2017.

Subsequent Events

Any subsequent events have been evaluated as of September 27, 2017, the date the audited financial statements were available to be issued.

NOTE 2 – CASH & CASH EQUIVALENTS

Carrying amounts of cash and cash equivalents with maturities of less than 90 days, at years end, were as follows:

	2017		2016	
	FDIC Insured	Uninsured	FDIC Insured	Uninsured
DL Evan checking	200,718	-	194,555	-
Cetera - money market funds	1,027,956	-	580,403	-
Pershing investments - cash equivalents	-	282,047	-	235,898
Total Cash	<u>\$ 1,228,675</u>	<u>\$ 282,047</u>	<u>\$ 774,958</u>	<u>\$ 235,898</u>

\$205,254 and \$195,852 of cash & cash equivalents was donor restricted to a specific purpose at June 30, 2017 and 2016, respectively. See Note 7.

NOTE 3 – INVESTMENTS

Fair values, based on quoted market prices, of investments at years' end, were as follows:

	2017	2016
Corporate bonds	681,653	545,865
Mutual funds	347,854	351,663
Common stocks	474,951	407,890
Other equities	243,444	212,479
	<u>\$ 1,747,902</u>	<u>\$ 1,517,897</u>

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is at least reasonably possible that changes in these risks could materially affect the fair value of investments reported in the statement of financial position. However, the diversification of the Organization's invested assets, as dictated by its written investment policy, is intended to mitigate the impact of any dramatic change in market values.

Any bonds or certificates of deposit with maturities of more than one year are classified as noncurrent assets.

Investment income includes interest, dividends and net gains and losses on securities. Investment income is reported net of \$14,587 and \$13,667 related investment expense, for years end June 30, 2017 and 2016, respectively. Unrealized net gains(losses) included in investment income were \$96,148 and \$(66,553) for years ended June 30, 2017 and 2016, respectively.

NOTE 4 – ENDOWMENT FUNDS

At fiscal year end June 30, 2017, the Organization had \$867,903 cash & investments board designated as endowment funds and \$187,500 donor restricted endowment funds. At fiscal year end June 30, 2016, the Organization had \$751,626 cash & investments board designated as endowment funds and \$137,500 donor restricted endowment funds. The endowment funds are to provide a non-donor source of revenue.

In general, the principal balances of the endowment funds should not be used for operations. However, once the total endowment funds have reached \$ 1 million; the board may vote to withdraw for operating needs in a single year, an amount not to exceed 2.5% of the total endowment funds.

The investment objectives will be to achieve a reasonable long term rate of return, while maintaining a conservative asset allocation.

NOTE 5 – PROPERTY AND EQUIPMENT

Changes in property and equipment during fiscal years ended 6/30/16 and 6/30/17 as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Land	94,176	-	-	94,176
	<u>94,176</u>	<u>-</u>	<u>-</u>	<u>94,176</u>
Buildings & Improvements	357,879	-	-	
building improvements		39,131		
community farm		13,481		
	<u>357,879</u>	<u>52,612</u>	<u>-</u>	<u>410,491</u>
Equipment	175,336			
computer/data		20,621		
trucks		42,382		
trailer		54,546		
	<u>175,336</u>	<u>117,550</u>	<u>-</u>	<u>292,886</u>
Accumulated Depreciation	(132,362)	-		
2015-2016 Depreciation		(36,124)		
	<u>(132,362)</u>	<u>(36,124)</u>	<u>-</u>	<u>(168,486)</u>
Net PP&E at June 30, 2016	<u>495,029</u>	<u>134,038</u>	<u>-</u>	<u>629,067</u>
Land	94,176	-	-	
	<u>94,176</u>	<u>-</u>	<u>-</u>	<u>94,176</u>
Buildings & Improvements	410,491			
building improvements		46,027		
community farm		50,303		
	<u>410,491</u>	<u>96,330</u>	<u>-</u>	<u>506,821</u>
Equipment	292,886			
computer/data		11,639		
warehouse equipment		5,279		
miscellaneous		4,027		
	<u>292,886</u>	<u>20,945</u>	<u>-</u>	<u>313,831</u>
Accumulated Depreciation	(168,486)	-		
2016-2017 Depreciation		(59,945)		
	<u>(168,486)</u>	<u>(59,945)</u>	<u>-</u>	<u>(228,431)</u>
Net PP&E at June 30, 2017	<u>629,067</u>	<u>57,330</u>	<u>-</u>	<u>686,397</u>

NOTE 6 – RETIREMENT PLAN

The Organization sponsors a SIMPLE retirement plan. Company contributions to the plan were \$7,709, \$5,215 and \$5,043 during fiscal years ended June 30, 2017, 2016, and 2015, respectively.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets have been restricted by donors as follows:

	<u>2017</u>	<u>2016</u>
Children Food Programs	\$ 178,033	\$ 153,296
Database project	560	973
Resiliency Programs	1,660	13,833
Food Rescue	-	27,750
Other restricted purposes	25,000	-
Endowment - donor restricted	<u>187,500</u>	<u>137,500</u>
	<u>\$ 392,754</u>	<u>\$ 333,352</u>